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Internet Sellers Oppose Unbalanced and Unfair Tax Proposal

WASHINGTON, D.C. – October 12, 2011 – NetChoice opposes an online tax proposal that would put small online sellers at a competitive disadvantage against big box stores like Target and Walmart.

The misnamed “e-fairness proposal” offered by Reps Steve Womack (R-Ark.) and Jackie Speier (D-Calif.) would require online sellers to install new systems and add staff to collect sales taxes for over 9,000 local tax jurisdictions around the country, even in states where they have no operations. The measure, which follows on the heels of other “streamlined sales tax” efforts before it, has even less protection for small businesses, which is a big step in the wrong direction.

“After driving so many local retailers out of business, the big box chains have turned their lobbying guns against Amazon.com. But in this battle between giants, small businesses get caught in the crossfire,” said Steve DelBianco, Executive Director of NetChoice. “The anemic small business exception in this bill is no help to thousands of small and mid-sized employers who depend on Internet sales to compete.”

“When the first streamlined sales tax bill was introduced in Congress a decade ago, it had a \$5 million exception for small sellers – recognizing that collection burdens pose a unique competitive disadvantage to small businesses. Ten years later, state and local tax codes are more numerous and even harder to navigate, but this so-called “fairness” measure slashes the small seller exception to \$1 million. That’s a giant leap in the wrong direction,” DelBianco said.

For a sense of perspective, the \$1 million small business level in this proposed bill is:

- 30 times smaller than what the US Small Business Administration considers a small business retailer
- 10 times smaller than a recent Treasury Department proposal that regards businesses with less than \$10 million in revenue as small businesses.
- 5 times smaller than all the Internet Sales Tax Bills introduced in the Congress from 2001 through 2008.

NetChoice urges Congress to reject this measure and maintain its Constitutional role in protecting small businesses from unreasonable burdens on interstate commerce.